



ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE  
Mission to Serbia and Montenegro

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**DEVELOPMENT OF BUSINESS INCUBATOR CENTERS IN SERBIA AND  
MONTENEGRO**

In order to contribute to the decrease of the enormous unemployment rate in SaM, so common to all the countries in transition, the Economic and Environmental Department of the OSCE Mission to Serbia and Montenegro has been exploring the ways to support the development of business incubator centers (BIC) and to enable that BICs are developed as part of the social programme of the privatized companies.

The BIC development projects that EE Department is supporting are those which create suitable enterprising conditions, give hope and a chance to the creative people to transform their ideas into enterprising opportunity, i.e. small company that will contribute to the development of the local and regional community in many different ways.

Currently, there are three projects that are in the focus of the EE Department:

1. *Business Incubator Centre in Knjazevac*. Project, implementation of which has started in April 2004, will be finished in April 2005. Knjazevac municipality is situated in the Eastern Serbia. The economy of Knjazevac is totally destroyed. Almost 2/3 employed people work in so-called "state firms" which have no economic perspective. It is for sure that after privatization (according to some analysis) 30% of employed people will stay out of job. According to all this, it is obvious that citizens of Knjazevac should look for a better future in economical independence and in starting their own small business.

In Knjazevac, the first Business Incubator Centre, sponsored by CHF, CIDA, EAR, etc, and co-sponsored by OSCE will be realized as a pilot project.

In its implementation the cooperation of local authorities, local communities and future donors has been obtained. After a year's work, which is supposed to start in second half of the year 2004, BUSINESS INCUBATOR CENTRE will initiate the opening of a couple more Business Incubator Centers in Timok krajina.

2. *Business Incubator Center in Smederevska Palanka* After the privatization and company restructure, around 3000 workers will loose their jobs in Palanka. The number of unemployed will reach 10.000 (the data from may 2003 gives us the information that there are already 4.800 unemployed and 2.200 refugee and evacuated persons ); since the number of inhabitants in the

commune of Smed.Palanka is 57.000 (out of which 30.000 live in the villages around the town), the figure of 10.000 will present a very large percentage!

Following the pattern and experience of Knjazevac BIC development project, as well as recent agreement of the key stakeholders that BIC Smederevska Palanka that BIC becomes an integral part of a social programme of "Gosa Holding", this project is aimed to become a model for similar projects in municipalities where the privatization of state-owned companies will be realized in near future.

3. *Business Incubator Center Kikinda* is another project which is supposed to develop BIC development "know-how" to be replicated in municipalities having similar economic and social structure. Beside covering costs of the Working group that is drafting the project, the OSCE support is expected even after the BIC establishment. The OSCE support is expected as a kind of protection of this concept from the political and market turbulences that, upon the experience of BIC work in transition countries, can provoke the pretty hostile environment for the future work of the installed BIC.

*In developing the concept of successful BIC, the OSCE will use the valuable experience of the private initiative in BIC development in Serbia realized by "ORAH Cooperative". In partnership with the major Serbian socially owned company ICG (Genex Group), ICTT, the first business incubator, was founded in 2001.*

The main reasoning behind creating an incubator was:

- ✗ In Serbia there are people with ICT knowledge and skills
- ✗ Serbian ex-espatriate community has ICT knowledge and skills
- ✗ On the national and regional level there is a need for ICT products and services
- ✗ ICT market is not saturated
- ✗ Need to start building higher value added economy and entrepreneurship

Having gone through a long period of isolation, local professionals maintained certain level of touch with industry trends, but lacked hands on experience and access to the latest technologies. Therefore, one of the first requirements was to provide state of the art hardware and software environment to enable IT professionals with tools and means for development. On the other hand incubator environment provides large and established institutions with important relationship building mechanisms with developer community, all of whom have the potential to become long term partners.

The OSCE Mission to SaM, Economic and Environmental Department, considers BUSINESS INCUBATOR CENTRES as a strong tool for the local sustainable economic and human resources development, that can contribute to the security and stability of the country and in the region for which full recognition of this initiative and support is needed.

***For details and possible cooperation please contact Mission and Department at the references above.***